
	E.I.D. PARRY (INDIA) LTD, PARRY NUTRACEUTICALS DIVISION, OONAIYUR.		 murugappa
	STANDARD OPERATING PROCEDURE		
Title:	Fixed Asset Accounting & Management		
SOP No.: 002/2021	Version No. 1	Page 1 of 7	
Effective Date	01.01.2022	Next Review Date	15.12.2022

1.0 Purpose

The purpose of this Standard Operating Procedure (SOP) is to lay down the Procedure for accounting and managing of Fixed asset. It Standardizes the procurement of Fixed asset in accordance with Capex Budget with approval matrix at Parry Nutraceuticals Division

2.0 Scope

This is applicable for the processes starting from Capex Budget Preparation to Capitalization of asset. Also, it covers the Physical verification of the fixed assets, addition, and deletion.

3.0 Responsibility

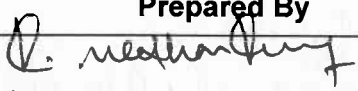

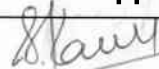
Factory Finance Head (AMC) is responsible for coordinating asset audits and physical inventories with the asset as well as recording capital asset acquisitions, transfers, and disposals.



4.0 Abbreviations & Definitions

R&M	- Repairs and Maintenance
ACC	- Asset Completion Certificate
AMC	- Asset Management Coordinator
CFO	- Chief Financial Officer
MD	- Managing Director
SAP	- System Application and Product
Board	- Murugappa Corporate Board
CEP	- Capital Expenditure Proposal
PO	- Purchase Order
LOI	- Letter of Indent
URS	- User Requirement Specification

Capital Assets

- A value greater than or equal to the capitalization threshold (i.e., Rs.100000*) for the classification of the capital asset. (*This threshold is not applicable to the items related to "Furnitures" and "Office Equipments") and

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- Having an estimated useful life of greater than one year from the time of acquisition.

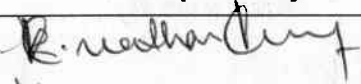

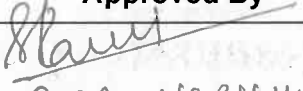
5.0 Procedure



5.1 Capex Budgeting

- Capex Budget should clearly identify cost based on quotations / cost estimation workings. User Department shall initiate Capital expenditure Budget line-item wise with justification for approval to the capex committee.
- Capex Committee consist of Heads of User Department/Project, Maintenance, Production, Factory Finance Head.
- On the approval of Plant Head and Business Finance Head consolidated capex proposals sent to Business Head, CFO and Board for Final approval.
- Once Board approved the Budgeted Capex unit finance shall enter the budgeted line item in SAP.

5.2 Capex proposal requisition & approval workflow in SAP

- Below are the Capex proposal Requisition
 1. A detailed write-up on the proposal (Preferably in Word Document)
 2. Quotes along with cost comparison statement.
 3. Market Study (Optional)
 4. Financial evaluation of the capex proposal will be based on Net Present Value & IRR and Discounted Payback Period for the applicable projects.
 5. Expected Time Schedule of project (commencement- project completion-Trail Run-Commercial Run-First Sale) for the applicable projects.
 6. URS to be prepared by the user department for process equipment/machinery and should be accepted by the supplier of the equipment/machinery.
- Swapping is restricted. If any unbudgeted items are needed during the year, this may be allowed and subject to approval as per Approval matrix, provided the value should be in line with overall Budget value.
- Unutilized portion of the CEP should not be used for the other unrelated purchases.
- Carry Over of CEPs- If a particular job is not completed within the financial year in which the CEP was approved, it shall be carried forward to the next year and the incorporated in the business plan of the factories concerned for the next financial year.

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5.3 Requisition for Capex PO

- Once the CEP is approved, PO to be raised within reasonable time Period (i.e,30 days)
- It should be ensured that warranty for performance is obtained for all equipment.
- All LOI/PO should have Liquidated Damages clause for the delay in execution/Supply.
- In case of waiver of LD, the details of calculations along with reasons for waiver to be submitted to Corporate Office and it shall be approved as under,
 1. PO value up to Rs.10 lakhs- CFO
 2. PO value above Rs.10 lakhs to Rs. 50 lakhs – Business Head / MD
 3. PO value above Rs. 50 lakhs - MD

5.4 Capitalization, tagging and identifying Asset

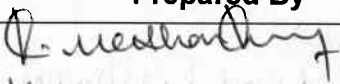

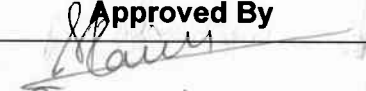
- Initially, the invoices are accounted under Capital Work In Progress account in SAP. Capitalization of the equipment in the books to be done within the same month upon the receipt of ACC and when the assets are put to use.
- It is the responsibility of the Unit Finance Head & Engineering Head/User Department Head to complete all procedures and get ACC.
- Unit Finance shall affix the Barcode generated for assets which are capitalized for easy identification of assets.
- In case of any asset movement within the unit respective process owner shall submit unit head approval for movement of asset to Finance Department.



5.5 Post Completion Review Process

- Within 3 months from the completion of the project/individual equipment, timelines and budgeted cost needs to be mapped against Budgeted time and cost.
- Within 6 months from the completion of the project/ individual equipment, the technical parameters should be achieved as per CEP. Deviation should be mapped for any correction and the Unit Head should bring to the Knowledge of Business Head.

5.6 Transfer of Asset

- In Order to maintain accurate asset record asset transfer shall be recorded promptly.
- Below is the requisition for Asset Transfer Request

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1. ATR not required for transfer the asset within the factory. Respective area in- charge shall obtain the Unit Head approval for transfer of asset within the factory.
2. Respective Area in-charge is responsible for Transfer of asset.
3. The Respective Area in-charge must note the Fixed Asset number located on the barcode affixed to the asset or obtain the number from the Fixed Asset listing that identifies the correct item.
4. Complete description of the item, brand, model needs to be clearly identified before raising ATR.
5. If part of the asset has to be transferred, respective area in-charges needs to coordinate with finance team and identify the value of asset clearly.

- Transfer of Asset should be done only through ATR Workflow
- Any transfers are first manually approved by CFO and Business head basis justification. Subsequently, ATR Workflow is approved as per DOA in SAP vide Annexure for DOA-ATR matrix in this regard. The respective area in-charge write a requisition to Stores department for transfer of Asset with approval and all supporting documents for creation on Stock Transfer invoice.

5.7 Disposition of Asset

- On the identification of scrapped asset by the technical team, RFWD shall be raised by user department for approval as per workflow defined in the internal system vide Annexure DOA-RFWD matrix.
- Upon approval of RFWD workflow, scrapped asset shall be moved to Scrap yard and disposal of assets shall be done as per procedure laid down in the SOP "Scrap Management".

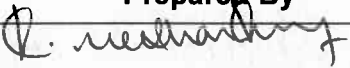

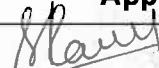
5.8 Conducting Physical Inventory



Plant finance is responsible to take care of Conducting Physical verification of inventory through Third Party Chartered accountant firm once in year.

6.0 Reference

SOP No: 004/2021

7.0 Exhibits / Formats

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Asset Completion Certificate Format

E.I.D. PARRY (INDIA) LTD
PARRY NUTRACEUTICALS DIVISION
ASSET COMPLETION CERTIFICATE

This certificate needs to be submitted to the Accounts Department, whenever an asset completion is taking place in the concern department. The asset shall be capitalized only upon receiving this confirmation of asset completion from the respective HOD's.

Name of the asset to be capitalized :

IO No, Sanction Ref No & Date :

Serial No :

Asset Life :

Date of asset completion :

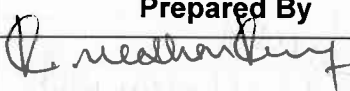

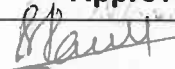
Amount to be capitalized :



Loc. of the asset & Cost Centre :

Results in line with production :

(Please mention the duration of the testing period before capitalization)

Certified that the jobs relating to the above said Capex has been completed and that the equipment has been taken for regular operations. The expenditure can be capitalized.

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Recommended

Approved

Details to be filled in by Accounts Department at the time of capitalization

Date of receipt of the Asset completion certificate:

Asset No:

Date of Capitalization:

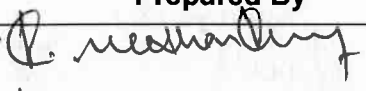

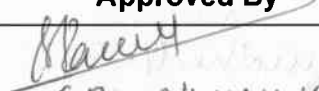
Document Number:



DOA for ATR:

Designated person	Value Limit if any
User Department	No Limit, but prior approval from Business Head & CFO
Plant Finance Head	-Do-
Unit Head	-Do-
Business Finance Head	-Do-

DOA for RFWD (Up to Rs.3 Lac):

Designated person	Value Limit if any
User Department	Up to Rs.3,00,000/-
Plant Finance Head	Up to Rs.3,00,000/-
Unit Head	Up to Rs.3,00,000/-
Business Finance Head	Up to Rs.3,00,000/-

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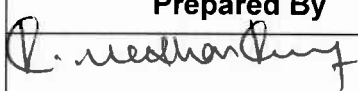

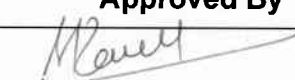
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DOA for RFWD (More than Rs.3 Lac):

Designated person	Value Limit if any
User Department	More than Rs.3,00,000/-
Plant Finance Head	More than Rs.3,00,000/-
Unit Head	More than Rs.3,00,000/-
Business Finance Head	More than Rs.3,00,000/-
Business Head	More than Rs.3,00,000/-
CFO	More than Rs.3,00,000/-

8.0 Change History

Version	Effective Date	Details of Changes
01	01-01-2022	New SOP

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The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry should be supported by a valid receipt or invoice. This ensures transparency and allows for easy verification of the data.

In the second section, the author details the various methods used to collect and analyze the data. This includes both primary and secondary data collection techniques. The primary data was gathered through direct observation and interviews with key stakeholders. Secondary data was obtained from existing reports and databases. The analysis phase involved identifying trends, patterns, and correlations within the data set.

The third section presents the findings of the study. It highlights several key areas where significant changes have occurred over the period of observation. These findings are supported by statistical analysis and visual representations of the data. The author notes that while there are positive trends in certain areas, there are also concerns regarding the sustainability of the current practices.

Finally, the document concludes with a series of recommendations for future action. These are based on the insights gained from the research. The author suggests that implementing the proposed changes will lead to improved efficiency and better overall performance. It is also noted that ongoing monitoring and evaluation will be necessary to ensure the long-term success of these initiatives.